

Exhibit 4

November 18, 2004 letter from the IRS
September 28, 2004 letter from Delphi to IRS



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NOV 18 2004

James P. Whitson
Delphi Corporation
5725 Delphi Drive
Troy, MI 48098-2815

Plan Name: Delphi Personal Savings Plan for Hourly Rate Employees In The US

Control #: 911654374

Control Date: 10/05/04

VCP SUBMISSION

We have received your VCP Submission on behalf of the Employer for the above-captioned plan. Your request has been assigned the control number listed above. This number should be referred to in any communication to us concerning your submission.

We will review the submission and contact you as soon as possible. However, we must process our cases in the order in which they were received, and we now have a large number of submissions in process. For this reason, we cannot immediately review your submission. Therefore, to help us avoid further delays, please do not make any inquiries concerning the status of your submission until at least 120 days from the date of this letter. If after the expiration of 120 days you need to inquire about the status of your case, please contact Beverly Thomas, I.D. 50-18524R, at (202) 283-9601. Please have your Control Number available when you call. We know your request is important and we will make every effort to process it as expeditiously as possible.

Thank you for your cooperation.

RECEIVED

DEC - 3 2004

J. P. WHITSON

DOL-PSP-000122

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DELPHI

September 28, 2004

Internal Revenue Service
Attention: T:EP:RA:VC
P.O. Box 27063
McPherson Station
Washington, DC 20038

Re: **Voluntary Correction Program**
Delphi Corporation
EIN: 38-3430473
Plan: Delphi Personal Savings Plan for Hourly-Rate Employees in the U.S.
Plan No.: 004

Dear Sir or Madam:

This letter is to request approval under the Voluntary Correction Program ("VCP") of the Employee Plans Compliance Resolution System ("EPCRS") as provided in Revenue Procedure 2003-44 to correct an operational failure that occurred in the Delphi Personal Savings Plan for Hourly-Rate Employees in the U.S. (the "PSP" or "Plan"). This submission complies with the requirements of Rev. Proc. 2003-44, Part V, Section 11.

Attached to this letter are the following documents as required under Rev. Proc. 2003-44, Part V, Section 11.03:

- Tab A - A copy of the first three pages of the 2003 Form 5500 for the PSP.
- Tab B - The PSP Plan document – Exhibit G, 2003 Supplemental Agreement, Personal Savings Plan.
- Tab C - A check payable to the "US Treasury" for \$25,000.00 for the VCP fee since the number of Plan participants exceeds 10,000.
- Tab D - A penalty of perjury statement signed by James P. Whitson, the Chief Tax Officer for Delphi Corporation.
- Tab E - A completed Appendix C Checklist.
- Tab F - A favorable determination letter for the PSP dated June 27, 2003.
- Tab G - Form 6406 (Short Form Application for Determination for Minor Amendment of Employee Benefit Plan), Form 8717 (User Fee for Employee Plan Determination Letter Request), Amendment to the Delphi Personal Savings Plan for Hourly-Rate Employees in the U.S. and a check payable to "United States Treasury" for \$125.00 for the fee.

The following responses are taken from Rev. Proc. 2003-44, Part V, Section 11.02 in the order as they appear:

QUALIFIED PLAN

SECTION 11. APPLICATION PROCEDURES FOR VCP

1. **A statement identifying the type of plan submitted.**

The Plan is a defined contribution qualified plan.

2. **A complete description of the failures and the years in which the failures occurred, including closed years.**

On May 28, 1999, Delphi Corporation (formerly "Delphi Automotive Corporation") was spun-off from General Motors Corporation ("GM") and became an independent, publicly traded corporation. At that time hourly employees working for GM at Delphi locations became employees of Delphi Corporation. On that same day, the Delphi PSP became effective for all eligible hourly employees of Delphi Corporation ("Delphi" or "Corporation"). Many eligible hourly employees affected by the spin-off had participated in the GM PSP (before the spin-off) and held GM \$1-2/3 Par Value Common Stock Fund ("GM Stock Fund") as an investment option in their individual GM PSP account. The GM PSP accounts of Delphi hourly employees were transferred to the Delphi PSP on the spin-off date of May 28, 1999. All future employee and employer contributions of Delphi hourly employees were directed into the Delphi PSP.

The GM Stock Fund pays a quarterly dividend. Shortly after the spin-off, union negotiations began. Pursuant to a letter dated May 14, 1999 – dividends paid on the GM Stock Fund in the Delphi PSP were to continue to be directed into the GM Stock Fund until October 1999 pending the outcome of the union negotiations. Once these negotiations were completed and the contract was ratified (which included amended PSP language) in October 1999, the Delphi PSP provision regarding the investment of GM Stock Fund dividends was amended. The revised PSP plan language Article 7.05(a) required that GM Stock Fund dividends be redirected into the Promark Income Fund since the GM Stock Fund was closed to new contributions. All Delphi PSP provisions that changed due to the 1999 negotiations were implemented by Fidelity Investments, the recordkeeper of the PSP, with an effective date of January 1, 2000, except for the reinvestment of the GM Stock Fund dividends. Inadvertently, the GM Stock Fund dividends continued to be reinvested into the GM Stock Fund from March 2000 through December 2003 (the "correction period"). Approximately 12,250 participants have been affected by this operational failure to administer the plan according to its terms.

3. **A description of the administrative procedures in effect at the time the failures occurred.**

At the time the failure occurred, Fidelity Investments was Delphi's recordkeeper for the PSP. Fidelity Investments continues to act in that capacity today. Once union negotiations were completed in 1999, Delphi Employee Benefits Human Resources personnel passed along the newly ratified union contract language containing all the new PSP provisions including that the GM Stock Fund was to be a "sell only" fund accepting no new investments. Fidelity Investments personnel then programmed their systems, trained their personnel and implemented the contract changes as requested by Delphi. The PSP changes, including the redirection of the GM Stock Fund dividends in to the Promark Income Fund, were incorporated in to the Summary Plan Description and the annual prospectus for the PSP.

QUALIFIED PLAN

4. An explanation of how and why the failures arose.

The operational failure occurred inadvertently during Fidelity's implementation of the 1999 union contract changes to the PSP. At that time, Fidelity was still working through the largest corporate transaction in Fidelity's history - the separation (spin-off) of Delphi from GM. Close to 60,000 participants with balances and in the aggregate over 2.5 billion dollars in assets were transferred from the GM savings plans to the Delphi savings plans for both hourly and salaried employees. In addition to the PSP, Fidelity is the record keeper for the Income Security Plan (another collectively bargained defined contribution plan) and the Savings-Stock Purchase Program for Salaried Employees (a separate 401(k) defined contribution plan for salaried employees) – all maintained by Delphi. Delphi savings plans for which Fidelity is the record keeper include approximately 40,000 hourly participants and 20,000 salaried participants. Overall, Delphi believes that the administrative practices in place both internally and externally with Fidelity as record keeper work well.

5. A detailed description of the method for correcting the failures that the Plan Sponsor has implemented or proposes to implement.

Delphi seeks approval under the VCP to allow each participant to choose to keep the additional GM Stock Fund units mistakenly purchased during the correction period, or to have their account restored to the position it would have been in had the dividends been properly reinvested in the Promark Income Fund. We propose this correction method because we have received feedback from participants that indicates most participants would prefer to keep their additional GM Stock Fund units rather than be forced to divest and purchase Promark Income units. In March 2004, PSP participants were informed that the GM Stock Fund dividends would be reinvested in the Promark Income Fund from that point going forward. Overwhelmingly, the feedback from participants have expressed their desire to keep their GM Stock Fund "as is". Neither Delphi nor Fidelity is aware of any complaints or questions regarding the dividend reinvestment treatment during the three year correction period.

The correction, if approved, would be implemented by amending the PSP retroactively to January 1, 2000, to allow participants a choice for the entire correction period to (Option #1) retain the additional GM Stock Fund units purchased with reinvested GM share dividends; or (Option #2) to sell the GM Stock Fund units purchased with the reinvestment and invest in the Promark Income Fund. The default option would be Option #1. The retroactive amendment would allow participants to keep the GM Stock Fund units acquired during the correction period. Alternatively, those participants who would prefer the Promark Income Fund can choose to have their PSP balance adjusted to the position it would have been had the GM Stock Fund dividends been reinvested into the Promark Income Fund throughout the correction period.

Once the PSP is amended, Fidelity will send a letter (see Attachment 1) to all affected participants (active and former employees) informing them of the issue and giving them the opportunity to have their account adjusted as described in Option #2. No action will be required for those participants seeking to maintain their GM Stock Fund account unchanged. The letter will contain an example of the correction method with an explanation of the economic impact. Participants will be directed to call Fidelity for information regarding the potential impact on their individual account in order for them to

QUALIFIED PLAN

make an informed choice. Once the letter is mailed, affected participants will have 30 days to contact Fidelity to start the process. If Option #2 is requested within the election window, Fidelity will process the transaction as soon as administratively possible. If the participant makes no contact within 30 days, then no action will be taken and the account will be left with the additional units in GM Stock Fund.

Any Delphi PSP participant or beneficiary who held the GM Stock Fund on an ex dividend date from 1/1/2000 thru 12/31/2003 (approximately 12,250 individuals) is impacted. Due to the volatility of the GM Stock Fund, the costs to correct all 12,250 affected participants varies each day. If all participants elected to have their dividends invested in the Promark Income Fund as described, based on August 8, 2004 prices, the estimated total cost to correct all participants is \$1.8 million.

If an election pursuant to Option #2 is made by a participant to have their dividends invested in the Promark Income Fund, Fidelity will sell all that participant's GM Stock Fund units that were purchased with GM dividends over the period described above and use the proceeds to purchase the Promark Income Fund units.

After the GM Stock Fund dividend units have been sold and Promark Income Fund units purchased, Fidelity will calculate how many units of the Promark Income Fund should have been purchased had the dividend been redirected to the Promark Income Fund on each GM Stock Fund dividend pay date. Fidelity will then compare the total number of Promark Income Fund units that should have been purchased (using the price of the Promark Income Fund on each GM Stock Fund dividend pay date) to the number of Promark Income Fund units that were purchased from the sale of the GM Stock Fund units received in error. Any shortage in the number of Promark Income Fund units will be made up as soon as administratively possible via a cash adjustment into that participant's PSP Promark Income Fund account. The cash adjustment will purchase the number of Promark Income Fund units that the participant should have received and the participant's account will reflect the proper number of units in the Promark Income Fund that it would have if the dividends had been invested in the Promark Income Fund throughout the period.

For any participant who sold their holdings in the GM Stock Fund or has withdrawn all assets from the plan and chooses to have their account adjusted, Fidelity will rebuild their account based on the individual's account history. As permitted, participants that have left the PSP and are due a corrective distribution of \$50 or less will not be contacted under this VCP correction. Using current market prices, Fidelity will determine if the person was financially harmed in any way due to GM Stock Fund dividends not being invested in the Promark Income Fund. If such a loss does exist, Fidelity will make a cash adjustment into the Promark Income Fund to bring the person to the point where they are considered whole. If there is a gain, no action will be taken.

As stated above, Delphi's intent is to provide the individual participant with a choice. Since the plan does not allow new money to be directed into the GM Stock Fund (i.e., no exchanges or contributions), many participants have indicated they would like to retain their current balance in the GM Stock Fund to the extent possible. The situation is complicated for individuals that have traded out or withdrawn their assets from the GM Stock Fund. There is a large degree of personal preference as to which situation would be considered to be more ideal – more units of the GM Stock Fund or more units of the

QUALIFIED PLAN

Promark Income Fund. Delphi would like to accommodate the PSP participants to the degree possible.

6. **A description of the methodology that will be used to calculate earnings or actuarial adjustments on any corrective contributions or distributions (indicating the computation periods and the basis for determining earnings or actuarial adjustments, in accordance with section 6.02(4)).**

If a participant elects Option #2, Fidelity will sell all that participant's GM Stock Fund units that were purchased with GM dividends during the correction period and use the proceeds to purchase Promark Income Fund units.

After the GM Stock Fund dividend units have been sold and Promark Income Fund units purchased, Fidelity will calculate how many units of the Promark Income Fund should have been purchased had the dividend been redirected to the Promark Income Fund on each GM Stock Fund dividend pay date. Fidelity will then compare the total number of Promark Income Fund units that should have been purchased (using the price of the Promark Income Fund on each GM Stock Fund dividend pay date) to the number of Promark Income Fund units that were purchased from the sale of the GM Stock Fund units received in error. Any shortage in the number of Promark Income Fund units will be made up as soon as administratively possible via a cash adjustment into that participant's PSP Promark Income Fund account. The cash adjustment will purchase the number of Promark Income Fund units that the participant should have received and the participant's account will reflect the proper number of units in the Promark Income Fund that it would have if the dividends had been invested in the Promark Income Fund throughout the period.

For any participant who sold their holdings in the GM Stock Fund or has withdrawn all assets from the plan and chooses to have their account adjusted, Fidelity will rebuild their account based on the individual's account history. As permitted, participants that have left the PSP and are due a corrective distribution of \$50 or less will not be contacted under this VCP correction. Using current market prices, Fidelity will determine if the person was financially harmed in any way due to GM Stock Fund dividends not being invested in the Promark Income Fund. If such a loss does exist, Fidelity will make a cash adjustment into the Promark Income Fund to bring the person to the point where they are considered whole. If there is a gain, no action will be taken.

7. **Specific calculations for each affected employee or a representative sample of affected employees.**

Below is an example of an individual case.

John Smith has 5.625 units invested in the GM Stock Fund that were incorrectly purchased with dividends from January 1, 2000 thru December 2003. Had those dividends been redirected to the Promark Income Fund on each GM Stock Fund pay date, those dividends would have purchased a total of 42.292 units of the Promark Income Fund. The 42.292 units of the Promark Income Fund represent the total number of Promark Income Fund units that would have been purchase using each GM Stock Fund dividend pay date had the GM Stock Fund dividend been redirected to the Promark Income Fund.

QUALIFIED PLAN

The current cash value of 5.625 units of the GM Stock Fund is \$590.06 (using an August 8, 2004 price of the GM Stock Fund of \$104.90). The current cash value of the 42.292 Promark Income Fund units that should have been purchased would be \$754.49 (using an August 8, 2004 price of the Promark Income Fund of \$17.84).

Option #1 would be to keep the 5.625 units of the GM Stock Fund that were acquired due to the dividend re-investment.

Option #2 would be to sell the 5.625 units of the GM Stock Fund (**using current market prices on the day the units are sold**) and purchase 42.292 units in the Promark Income Fund. Delphi will contribute the amount necessary to fully finance the purchase of the Promark Income Fund units, which in this case is \$164.43—i.e., the difference between the GM Stock Fund sale proceeds and the purchase price of the 42.292 units of the Promark Income Fund.

8. **The method that will be used to locate and notify former employees and beneficiaries, or an affirmative statement that no former employees or beneficiaries were affected by the failures or will be affected by the correction.**

Fidelity Investments maintains address records for all Delphi PSP participants. Active employees have their address of record automatically fed into Fidelity Investments via Delphi Corporation. For any separated or retired employee, it is the responsibility of the individual to contact Fidelity Investments to update their address. In the event that Fidelity Investments receives notice of a bad address, Fidelity will check with Equifax every 6 months in an attempt to locate a good address. The same process would also be used for any beneficiary that was affected. If an address were changed via Equifax, Fidelity would send notice to the participant or beneficiary and place a 15 day freeze on the account. For any participant or beneficiary directed transaction to take place a participant would require a valid Personal Identification Number obtained through a separate security module at Fidelity typically via telephone.

9. **A description of the measures that have been or will be implemented to ensure that the same failures will not recur.**

Fidelity Investments has corrected the system edit to direct all GM Stock Fund dividends into the Promark Income Fund. Fidelity Investments has also set up reporting procedures to allow for immediate, clear and concise detection of any dividend that is not handled according to PSP terms. This activity will be monitored and verified each time a dividend is paid. Going forward, once contract negotiations are completed and a contract is ratified (a four year cycle with the current union contract expiring in 2007), Delphi has requested that Fidelity develop a sample participant and a checklist to ensure full compliance with all plan changes. Delphi will conduct on-site reviews at Fidelity, if necessary.

10. **To the best of Delphi's knowledge, as plan sponsor, the PSP is not currently Under Examination. Additionally, Delphi is not Under Examination in its role as plan sponsor to the PSP.**

QUALIFIED PLAN

11. N/A

12. N/A

13. N/A

14. N/A

We respectfully request your approval of the corrective measures described above. We appreciate your consideration in this matter. If you have any questions regarding this submission, please call me at 248.813.2594 or Karen Cobb, Delphi's Benefit Tax Counsel at 248.813.3391.

Sincerely,



James P. Whitson
Chief Tax Officer
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